Since 1857

Gresham House

Specialist asset management

Specialists in sustainable alternatives

Gresham House plc

Interim Report and Accounts as at 30 June 2021

The specialist alternative asset manager

Our purpose

Deliver effective and alternative investment solutions to ensure clients achieve their financial objectives whilst making a meaningful contribution to advancing the world's transition to a more sustainable way of life.

About us

Gresham House is a specialist alternative asset manager. We provide investors with a range of investment products, across real assets and public and private equity. Our investment solutions aim to meet investors' long-term objectives whilst also positively contributing to society and our environment. We are creating an asset to covet, for shareholders, clients and our employees, delivering value both through financial returns and our focus on sustainability.

Gresham House manages investments and co-investments through its FCA-regulated investment management platform (Gresham House Asset Management Limited and Residential Capital Management Limited) and the EU-based Gresham House Asset Management Ireland Limited (regulated by the Central Bank of Ireland).

www.greshamhouse.com

Financial highlights

- AUM up 19% in H1 to £4.7 billion
- Organic growth of 12% (£453 million)
- Net core income up 31% to £23.0 million (H1 2020: £17.5 million)
- Adjusted operating profit up 32% to £6.9 million (H1 2020: £5.2 million)
- Utilising balance sheet to grow the asset management business with cash and liquid assets at 30 June 2021 of £45.0 million (31 December 2020: £45.1 million)
- Strong post period AUM growth with fund inflows of over £350 million, and the announced acquisition of the Venture Capital Trust business of Mobeus Equity Partners LLP (Mobeus VCT business) increasing pro forma AUM to £5.4 billion
- Delivery against GH25 financial and strategic targets ahead of management expectations

Assets under management (AUM)
(as at 30 June 2021)

£4,722m
+19%

Cash and liquid assets[1]
(as at 30 June 2021)

£45.0m
0%

Total net core income
(for the six months to 30 June 2021)

£23.0m
+31%

Adjusted operating profit[2]
(for the six months to 30 June 2021)

£6.9m
+32%

Total comprehensive net profit/(loss)
(for the six months to 30 June 2021)

£5.2m
£2.2m loss (H1 2020)

Strong AUM growth in H1 with over £350 million raised since the period end

Strategic highlights

- Achieving international expansion through the completion of the acquisition of Appian Asset Management in Ireland and the expected completion of a further international forestry mandate in Australia, subject to regulatory approval
- Recognised for leadership in sustainable investment through fund performance and award wins
- Increased client diversification and AUM through additional organic fund raises post period end of over £350 million
- Acquisition of the Mobeus VCT business brings additional AUM of £369 million

Sustainable Investment highlights

- Gresham House Asset Management Limited has met the FRC's expected standard of reporting in 2021 and been listed as a signatory to the 2020 UK Stewardship Code
- Sustainability Committee established by the Board which will be chaired by Gareth Davis
- Commenced a large project this year to better understand our climate impact as a business and as investors, ahead of planned reporting against the TCFD recommendations in 2022

1 Cash and liquid assets includes cash and investments in tangible and realisable assets

2 Adjusted operating profit is defined as the net trading profit of the Group after charging interest but before depreciation, amortisation, share-based payments relating to acquisitions, profits and losses on disposal of tangible fixed assets, net performance fees, net development gains and exceptional items

At the forefront of sustainable investing

Anthony Townsend
Chairman

It has been very pleasing to see the ongoing momentum of Gresham House in the first half of 2021, with strong progress against the financial and strategic targets of the five-year plan, 'GH25'. Growth in AUM has proceeded apace towards the GH25 target of £6.0 billion. AUM was up 19% to £4.7 billion in the half through organic and acquisition activity, reflecting our commitment to creating shareholder value through growth and performance on various metrics.

Moreover, our plan to establish a platform for international growth is now evident in both Europe and Asia Pacific.

We were pleased to complete the acquisition of Appian Asset Management (Appian), now Gresham House Ireland, on 29 June following regulatory approval from the Central Bank of Ireland, cementing the Group's international expansion plans with the addition of a regulated EU-based platform post-Brexit, alongside our intention to scale our activities in Ireland.

In addition, post period end, we were appointed as asset manager for a 24,800-hectare Australian forestry investment, Green Triangle Forest Products (GTFP), for AXA IM Alts, expanding our presence outside Europe and growing our relationship with AXA IM Alts following our appointment to manage a 4,074-hectare portfolio of forests in Ireland in 2019. This is pending regulatory approval, which we hope to provide an update on by the end of the year.

Our leadership in sustainable investing continues to be underpinned by our broad product range and growth across all areas, from renewable energy and sustainable infrastructure to housing and forestry. We are increasingly recognised across the industry as being at the forefront of sustainable investment, investing in people and areas of opportunity which are evolving rapidly, whilst demonstrating innovation and resilience in performance across our product set.

Climate change is at the top of most investors' agendas and we have worked with a number of clients to meet their increasing climate reporting requirements. In addition, we provide our clients with a range of solutions that take advantage of climate related opportunities and positively influence environmental outcomes.

The Taskforce on Climate-Related Financial Disclosures (TCFD) has become the widely recognised standard for climate reporting, and we commenced a large project this year to better understand our climate impact as a business and as investors. We are planning to report against the TCFD recommendations in 2022 and will be starting work with an external expert to provide our first climate footprint as well as forward looking climate analysis.

Our investment expertise has been recognised in awards, including Alternatives Manager of the Year from Pensions Age, and more widely across our business with our UK Multi Cap Income Fund winning awards from both Investment Week and Citywire. We are proud to be finalists for many awards due to be judged in the second half of 2021 and will be delighted to add to this roster.

Clearly clients are the focus for a long term, sustainable, profitable and growing business like Gresham House, and as such, we are pleased that the investment performance of our funds remains strong and continues to attract new investors.

Activity in the period

The robust rise in AUM growth in the period reflects this strong performance at a fund and strategic level across the business, as well as net inflows and the completion of the Appian acquisition (€396 million at 30 June 2021).

We expect this growth to continue with the fund launches highlighted in the 2020 annual report which are on track. This includes the Gresham House Forest Growth & Sustainability LP securing £25 million by the end of the period and Gresham House Residential Secure Income LP (ReSI LP) achieving commitments of £70 million, with £16 million deployed by the end of the period.

Our commitment to investing in people to support growth remains, with senior hires across the business, including James Lindsay as Head of Institutional Business to complement Heather Fleming and our existing senior expertise in this area.

Results

I am also pleased to report continuing progress towards the financial goals of GH25, with Net Core Income up 31% in the first half of 2021 to £23.0 million (H1 2020: £17.5 million), and the Adjusted Operating Profit up 32% in the same period to £6.9 million (H1 2020: £5.2 million).

We continue to invest in the business, with an operating margin of 30% in the first half of 2021 (H1 2020: 30%), as we focus on growing the business in areas of high-growth potential and where we have sector/technical expertise to outperform versus the market.

Board

As highlighted previously, Richard Chadwick will be standing down as Audit Committee Chairman and Non-Executive Director at the conclusion of the 2022 AGM.

We have completed the recruitment process for Richard's replacement and I am pleased to welcome Richard's successor, Sarah Ing as the Audit Committee Chair Designate, taking on full responsibility on Richard's retirement at the conclusion of the 2022 AGM. Sarah will act as Richard's alternate from 15 September 2021 until Richard's retirement.

Sarah is a chartered accountant, with listed company experience as a Non-Executive Director on XPS Pensions Group plc and CMC Markets plc boards. Richard will handover through the 2021 year-end process to ensure a smooth transition. I look forward to working with Sarah as we continue the Company's growth story.

Outlook

Assets with a focus on ESG factors are on track to exceed $53 trillion by 2025, representing more than a third of the $140.5 trillion in projected total global assets under management, according to Bloomberg.[1]

Gresham House is well positioned to take advantage of this growth as many of our investment solutions contribute positively to environmental and social outcomes, whilst offering investors strong investment returns.

To that end, I am pleased to note that Gresham House Energy Storage Fund plc (GRID), Gresham House Forest Growth & Sustainability LP, and BSIF II LP, and ReSI LP have all held successful closes since 30 June, adding over £350 million to AUM and setting the Group in great stead for the second half of 2021 and beyond.

In addition, the acquisition of the Mobeus VCT business and the associated equity raise will boost our AUM and significantly enhance our profitability, marking substantial progress towards achieving the targets laid out in our GH25 five-year plan. Pro forma AUM increases to £5.4 billion after adding post period AUM raised of over £350 million and £369 million from the Mobeus VCT business acquisition.

As the VCT segment continues to consolidate, this latest acquisition provides substantial scale to compete effectively amid rising demand for early-stage growth capital from a range of emerging disruptive businesses. The benefits to both the Baronsmead and Mobeus VCT shareholders are clear from the increased resources and platform that Gresham House can provide, including ESG leadership.

We approach the second half of 2021 with real optimism having laid down a solid platform to grow AUM we are ahead of management expectations for 2021, and remain on track to deliver GH25 and create further shareholder value.

Anthony Townsend Chairman

9 September 2021

[1] https://www.bloomberg.com/professional/blog/esg-assets-may-hit-53-trillion-by-2025-a-third-of-global-aum/

Strong progress against our strategic objectives

Tony Dalwood
Chief Executive

It has been 18 months since we set out our five-year strategy 'GH25' to target long-term shareholder value and I am delighted to say we have been making strong progress against all our strategic and financial objectives despite the challenges presented by the global macro environment as a result of the pandemic.

We are increasingly recognised as leaders in ESG and sustainable investing: the vast majority of our investment products are outperforming their benchmarks; we are building significant market share in specialist products; building on our international presence and increasing client diversification and depth. All of the above are enhancing our brand value and reputation and this has been reflected in various industry awards alongside new investors approaching us to become clients or work on a partnership basis.

Whilst the environment has been challenging, with the UK in lockdown for much of the first half of this year, we have seized the opportunities across the business to improve our position in a number of key areas.

Our culture is strong and contributes significantly to our success. In our employee survey, 94% of respondents would recommend Gresham House as a place to work. The Management Committee view this as significant and important for the long-term growth ambitions of the Group. We want people to enjoy their work and we know this is a key ingredient in delivering for our clients.

We will continue to invest in growth areas, recruiting high-calibre talent, while remaining focused on maintaining and improving operating margins in line with the target in GH25.

Achieving AUM growth of 19%, taking us to £4.7 billion at the half-way point of the year, is testament to the success of our strategy to grow organically supported by acquisition, and we are pleased to have already made such good progress against our target of £6.0 billion by 2025.

We welcome our new colleagues in Ireland, where the Appian acquisition builds on our existing presence managing forestry assets for AXA IM Alts, and we foresee further growth under the new name Gresham House Ireland, both in Ireland and across the EU from this important platform.

We committed significant time to launching new funds and to fundraising in the first half of 2021, which means we approach the rest of the year with confidence.

Progress on 2021 priorities – Financial
Our significant AUM growth to date in 2021 and a series of successful fundraises across our product set reflect the sustained interest in ESG investing and the breadth of our offering.

In Housing, ReSI LP, a closed-ended limited partnership aiming to deliver secure income returns by investing in portfolios of shared ownership and rental homes, had a successful first close with commitments of £70 million and we expect this vehicle to scale over time. We are delighted that ReSI Homes, the registered provider within ReSI LP, has been selected as a strategic partner of the Greater London Authority to deliver affordable housing over the next five years. Nationally ReSI Homes is one of only three institutional investors to have been selected.

We continue to develop utility scale battery storage projects to support the growth of Gresham House Energy Storage Fund plc (GRID) and have £11 million invested in projects at the end of the period and also completed the sale of 30MW to GRID in H1, deploying balance sheet capital to support growth.

AUM growth has continued since 30 June 2021, with new fund inflows of over £350 million. A further £100 million was raised for GRID in early July and the launch of the Gresham House Forest Growth & Sustainability LP, with a first close in August, added a further £102 million to close at £127 million. In addition, in sustainable infrastructure – BSIF II (British Sustainable Infrastructure Fund II), reached a first close in August of £100 million. We also achieved a follow-on close for ReSI LP in August for a further £50 million.

We expect this growth to continue through the second half of the year, with further international expansion in Asia Pacific as we pursue Carbon Credit opportunities in forestry and the anticipated close of our new Australian forestry mandate with AXA IM Alts by the end of 2021.

In Public Equity, we have seen continued inflows into our UK Micro Cap and UK Multi Cap Income funds managed by the award-winning Ken Wotton, Brendan Gulston and team. In line with the specialist nature of Gresham House products, these funds focus on small, mid-cap companies and micro-cap companies using a fundamentals-based approach and a private equity philosophy, designed to deliver attractive returns with a low correlation to their peer group.

Our disciplined process leverages the fundamentals-driven attributes of private equity, and our highly-resourced team has access to specialist expertise via an extensive network derived from their private equity heritage, alongside investment committees with broad experience and successful track records. This is evident in the growth in NAVs at Strategic Equity Capital (SEC) and Gresham House Strategic (GHS), which grew by 24% and 22% respectively in the first half. Importantly, the long-term track records of the teams managing these investment funds are clearly very strong and we are proud of the platform Gresham House provides for these teams to flourish and add value to portfolio investments.

There was also successful fundraising in Private Equity, with a successful close for the last fundraising round by the Baronsmead VCTs, raising a total of £65 million, the highest amount raised by these two VCTs to date (£32 million in 2021).

We remain focused on our other financial targets and have achieved an operating profit margin of 30% in the period, and alongside this an operating profit of £6.9 million. We have continued to invest in the business for the long term, while focused on productivity and efficiency throughout and the timing of AUM delivery in 2021 will provide greater benefit to the second half of 2021 and profitability in future years.

As part of GH25 we target a ROIC of 15%+ and we have continued to use our balance sheet to invest, with the ultimate goal of growing AUM while delivering 15%+ returns.

Progress on 2021 priorities – Strategic
In line with our ambition for Gresham House to be a leader in sustainable investment, including ESG, we conducted a corporate ESG gap analysis to identify where there are opportunities to develop our business practices to reflect our ambition for leadership more closely. From this analysis, we have identified several priorities for the business:

1. Evolve our management and measurement of climate related risks and opportunities at a corporate and investment level
2. Further enhance Diversity and Inclusion across the business
3. Evaluate sustainability factors across material supply chains that our investments are a part of

To support the development of these priorities, we have further invested in our Sustainable Investment Team by increasing the team from one to three individuals. This will significantly bolster our capacity to enhance our sustainable investment processes across all divisions as well as at a corporate level.

In addition, the Board have established a Sustainability Committee to provide oversight and accountability for our sustainability related practices across the business. This Committee will work closely with our Managing Director, Rupert Robinson and Director of Sustainable Investment, Rebecca Craddock-Taylor to progress the various priorities we have set ourselves in relation to becoming a leader in this area. Further details on our progress and plans can be found in the Sustainable Investment overview.

Our plans for international expansion are advancing, and the completion of our acquisition of Appian Asset Management, now Gresham House Ireland, and the Australian forestry mandate, subject to regulatory approval, are enabling us to operate in carefully identified areas of the world where we see a business and cultural fit.

We continue to maintain market share in specialist areas and have seen further growth in our Forestry and New Energy businesses, and we expect to grow in other areas with the close of additional fundraises over the course of the year.

We are working to increase our client diversification and depth and have had success with fund launches attracting new institutional and long-term clients. We have also further invested in our distribution team.

People

The Covid-19 pandemic has been a test of the culture of organisations across the world. I am proud to say that my colleagues across Gresham House responded in exemplary fashion to the challenges it presented and our culture has remained strong throughout these difficult times, including the periods of lockdown we experienced earlier this year.

We have followed government guidelines closely to maintain the safety of our teams, enabling our people to work remotely and managing logistics around office work effectively. Following consultation with the teams, our return to the office more permanently will continue to focus on the wellbeing of our employees and we will be adopting a hybrid working model, recognising the benefits of this way of working for both the Company and our people. We will be moving into a new office in London, which has been designed to accommodate hybrid working alongside improved facilities to support sustainability and the growth of the business.

We continue to invest in talent across the business, including notable senior hires in James Lindsay as Head of Institutional Business, and Fernando Casas Garcia as Head of Operations for New Energy, where increasing scale in areas such as battery storage has driven the need for greater expertise in this area. This is also the case with our Sustainable Investment team – it is an important and growing part of the business and we are committed to working with the highest quality talent.

Delivering top-quality service is our priority and we will continue to invest in teams across the business to ensure this is the case.

Outlook

We have enjoyed an encouraging H1 2021 and the outlook for the rest of the year and beyond indicates a continuation of this positive momentum. Whilst macroeconomic challenges are clear, the structural growth in our areas of investment remains evident with increasing asset allocation to real assets and specialist or strategic equity.

In the first half, we have made good progress in many areas against our GH25 objectives and our business has the opportunity to grow further across the board, with our client base broadening and deepening, and as we venture further into international geographies.

I am also pleased to welcome the Mobeus VCT business to the Gresham House family following the announced acquisition and equity fund raise today. Together this adds scale to our expertise in venture investing, while adding scale and enhancing earnings for shareholders.

With Gresham House's positive reputation growing across the spectrum of investment performance, product innovation, a focus on appropriate governance, social benefits and environmental awareness, we have completed the groundwork for a number of our planned funds. We have held first closes in H1 and have a strong pipeline of new investors lined up for closes in H2 having already closed funds with AUM of over £350 million since the end of June, bringing pro forma AUM to £5.1 billion. After the acquisition of the Mobeus VCT business, pro forma AUM increases to £5.4 billion. We are therefore confident that we will outperform the current market expectations for the end of 2021.

Tony Dalwood Chief Executive

9 September 2021

Progress on our corporate sustainability plan

Rebecca Craddock-Taylor
Sustainable Investment Director

Environmental awareness, understanding and action
In the past few months, we have been working to appoint an external expert to help us measure our current carbon emissions across our operations and our investments. The purpose of this exercise will be to understand our baseline, so we can then set targets and actions to reduce the impact we have on the environment as a business and as investors.

Diversity and Inclusion (D&I) awareness, understanding and action
In 2020 we published our first D&I policy setting out our commitments to enhance D&I at Gresham House. This year we have established a D&I Committee with representatives from across the business who are tasked with implementing our D&I strategy to set out the internal behaviours and actions to be rolled out to improve diversity and inclusion across the Company and meet our policy commitments.

The D&I strategy will also establish a range of objectives we want to achieve to support our company strategy. The D&I strategy provides a shared direction, commitment and set of goals and work streams for us over the next four years. It outlines the key roles and responsibilities and how we will track progress and measure success and is an integral part of the financial and strategic targets of the GH25 plan.

In addition, we signed up to the #100blackinterns last year and subsequently hired two individuals to work in our Sustainable Infrastructure and Housing strategies and within our Sustainable Investment team throughout the summer of 2021. We are building on this and will be developing a formal internship programme to ensure interns that work with us are able to gain valuable skills that can be translated into their future careers.

People and community
Our people are our greatest asset and we have worked extremely hard throughout the Covid-19 pandemic to ensure staff satisfaction remains high. We will be completing our second employee engagement survey in October, which will provide useful insights for the Gresham House leadership team to understand where improvements have been made relative to the results in 2020, and what areas need to be prioritised in the remainder of 2021 and into 2022.

Communication and transparency
We published our first Sustainable Investment Report earlier this year which includes case studies, measurements of what we have achieved and key Group milestones. The report demonstrated what has been achieved over the last year and the contribution that our business and investments are having on the environment and society.

Accreditations and commitments
We have maintained our London Stock Exchange Green Economy Mark for Gresham House plc as well as for our listed battery storage fund Gresham House Energy Storage Fund plc (GRID). Gresham House Asset Management Limited has also met the expected standard of reporting in 2021 and has been listed as a signatory to the 2020 UK Stewardship Code. Earlier this year we reported for the second time for the PRI and await the 2021 rating outcomes. We have also been shortlisted for Best Sustainable & ESG Fund Management Group of the Year (AUM under £20 billion), as well as Best Sustainable & ESG Alternative Assets Fund for GRID at the 2021 Investment Week Sustainable & ESG Investment Awards.

Policies, processes and systems
The Board has established a Sustainability Committee which will be chaired by Gareth Davis. This Committee will provide oversight and accountability for Gresham House plc's sustainability strategy across our business operations and investment practices. The Committee met for the first time in August 2021 where a range of sustainability factors were discussed, including how we will advance our management of climate change risks and opportunities.

In addition, we also have our Sustainable Investing Committee (SIC), which operates at the divisional level. This forum focuses on sharing best practice between different divisions, whilst also working as a unit to drive sustainability related deliverables applicable to all divisions. The SIC's objective for the remainder of 2021 is to build on existing processes and systems to enhance our monitoring of sustainability factors during the holding period of our investments.

Measurable investment actions

1. **Planted 7 million trees in 2021 (versus 9 million for the calendar year 2020)***
2. **Our existing forestry captured the equivalent CO2 generated by 266,000 people in the UK annually (versus 270,000 in 2020)****
3. **Invested in two businesses that plan to connect 5,000+ homes to the internet in 2021**
4. **Solar and wind projects generated enough energy to power over 131,000 homes in the last year (versus 117,000 homes in 2020)**
5. **Invested in a further 733 shared ownership homes (166 homes in 2020) with a total shared ownership portfolio of 936 homes (205 homes in 2020)**
6. **Improved portfolio company engagement in 2020. We voted 97% for management recommendations, 3% against, and had 0% abstentions. (2019, we voted 94% for management recommendations, 6% against, and had 0% abstentions)**

* As at 7 September 2021. Based on 1,100 trees per hectare for broadleaves and 2,700 trees per hectare for conifers

** Existing forestry is captured in the UK national account, so no direct offsetting claims can be made. Calculated using the Woodland Carbon Code and based on the managed area decreasing from 141,000 hectares to 136,000 hectares

Capturing the growth opportunity

We have continued to use the Group's balance sheet to invest in areas which will lead to increasing AUM and the generation of long-term management fees

Kevin Acton
Chief Financial Officer

We set out our priorities for 2021 and it is pleasing to see that during the first half of the year we have made good progress.

The Group's AUM increased to £4.7 billion at the end of the first half, up 19% on the beginning of the year (£4.0 billion) and we have since achieved a number of fund closes, which sets the Group up well to deliver ahead of expectations in the second half of the year.

Gresham House has seen net core income grow in the period by 31% to £23.0 million compared to £17.5 million in the first half of 2020 and this has driven the adjusted operating profits of the Group up by 32% to £6.9 million (H1 2020: £5.2 million).

We have continued our focus on the long-term scalable areas of the business and continued to invest in people and systems and as such the Group's operating margin has remained at 30% (H1 2020: 30%).

The Group also delivered total comprehensive income of £5.2 million (H1 2020: total comprehensive loss of £2.2 million), reflecting the strong performance of the Group's balance sheet investments in the period.

We have continued to use the Group's balance sheet to invest in areas which will lead to increasing AUM and the generation of long-term management fees.

Assets under management

AUM grew by 19% in the first six months of the year to £4.7 billion (Dec 2020: £4.0 billion). In line with our strategy this was achieved through both organic growth of £453 million (12%) and acquisition growth of £299 million (7%).

£ millions	AUM December 2020	Net Fund Flows[1]	Performance	Funds Acquired/ Won	AUM June 2021	Total Growth %
Strategic Equity						
Public Equity	508	53	149	255	965	90.0%
Private Equity	412	11	54	–	477	15.8%
Subtotal	**920**	**64**	**203**	**255**	**1,442**	**56.7%**
Real Assets						
Forestry	1,811	25	149	–	1,985	9.6%
New Energy & Sustainable Infrastructure	932	–	(4)	–	928	(0.4)%
Housing	307	16	–	44	367	19.5%
Subtotal	**3,050**	**41**	**145**	**44**	**3,280**	**7.5%**
Total AUM	**3,970**	**105**	**348**	**299**	**4,722**	**19.0%**

1. Including funds raised, redemptions and distributions

Net fund inflows of £105 million across Strategic Equity, Forestry and Housing highlighted the demand for the Group's offering in these asset classes. We set out the key funds that we were focused on raising in 2021 and these have shown good progress with a first close for Gresham House Residential Secured Income LP (ReSI LP), our shared ownership housing fund with committed capital of £70 million, and deployed capital of £16 million by the end of June 2021.

The performance of the Strategic Equity division in the period was strong with £203 million growth in AUM, reflecting the high performing nature of the funds managed by Ken Wotton and his team.

We also completed the acquisition of Appian Asset Management Limited (Appian), which has since been rebranded as Gresham House Ireland and is an exciting platform to pursue our international growth plans. The acquired AUM of £299 million (€350 million) reflects the AUM at exchange in December 2020 and it is pleasing to see that the AUM has since grown to £340 million (€396 million) across the equities and property funds managed by Gresham House Ireland.

Adjusted operating profit

The adjusted operating profit for the Group grew in the first half of 2021 by 32% to £6.9 million (H1 2020: £5.2 million). We use the non-GAAP measure of adjusted operating profit as a key performance indicator for Gresham House as an alternative asset manager and have separated out net performance fees and net gains on investments. As set out in the 2020 Annual Report, the adjusted operating profit is defined as the net trading profit of the Group before deducting amortisation, depreciation and exceptional items relating to acquisition and restructuring costs and share-based payments relating to acquisitions.

	Six months to 30 June 2021 £'000	Six months to 30 June 2020 £'000
Gross core income	**23,648**	17,803
Rebates, distribution costs and fundraising costs	**(611)**	(254)
Net core income	**23,037**	17,549
Administration overheads (excluding amortisation, depreciation, exceptional items and acquisition related share-based payments)	**(16,041)**	(12,307)
Finance costs	**(102)**	(5)
Adjusted operating profit	**6,894**	5,237
Adjusted operating margin	**30%**	30%
Performance fees (gross)	**1,912**	–
Variable compensation attributable to performance fees	**(1,497)**	–
Performance fees net of costs	**415**	–
Realised gains on development projects	**818**	–
Variable compensation attributable to realised gains	**(511)**	–
Development project costs	**(219)**	–
Realised gains on development projects net of costs	**88**	–
Adjusted operating profit including performance fees and net realised gains on development projects	**7,397**	5,237
Amortisation and depreciation	**(4,191)**	(4,482)
Acquisition related share-based payments charges	**(253)**	(296)
Exceptional items	**(102)**	(1,170)
Net gains/(losses) on investments and other fair value movements	**3,305**	(898)
Tax	**(908)**	(623)
Operating profit/(loss) after tax	**5,248**	(2,232)
Loss from discontinued operations	**(5)**	(6)
Total comprehensive net income	**5,243**	(2,238)

Income
Net core income in the period increased by 31% to £23.0 million (H1 2020: £17.5 million). This increase reflects the organic growth in AUM across the business alongside AUM activity in the second half of 2020 which is now coming through fully in the first half of 2021.

The long-term nature of the Group's Real Asset management contracts highlight the stable revenue streams for the business with over £1.0 billion of AUM in Limited Partnership management contracts with a weighted average contract length of 14 years. The underlying assets within these funds of forests, infrastructure, renewable energy and housing continue to provide a stable platform to grow the business.

Administration expenses
Administration expenses, (excluding amortisation, depreciation, share-based payments relating to acquisitions and exceptional items) have increased in the period by 30% to £16.0 million (H1 2020: £12.3 million). We continue to manage costs diligently while ensuring that we invest in critical areas of the business. This includes a focused investment in our distribution and investment teams as the key drivers of growth, as well as in critical support functions such as compliance and legal. Headcount for the Group increased to 138 at the end of June (H1 2020: 129 people), and a further 23 joined from Appian.

Performance fees
The Group received a performance fee of £1.9 million (H1 2020: £nil) from Gresham House Strategic plc (GHS) in recognition of the performance of GHS exceeding the NAV growth hurdle as set out in the investment management agreement. This is a key tool to incentivise the entire team that work on GHS and as such this is allocated to the team, with the Group retaining £415,000.

Realised gains on investments
The Group sold one of the battery storage development projects, Byers Brae, in the period to Gresham House Energy Storage Fund plc (GRID), realising a gain of £818,000. The development of these sites is also used to incentivise the team and as such a proportion of the gain is paid to the team as a variable incentive. Other costs associated with battery storage development projects were £219,000 in the period.

Exceptional items in the first half of the year of £0.1 million (H1 2020: £1.2 million) reflect the fact that there were lower acquisition related costs or restructuring in the first half of the year. The majority of costs relating to the Appian acquisition were recognised at the point of exchange in December 2020.

Gains and losses on investments
Gains on investments in the period of £3.3 million reflect the recognition of the Group's investments in associates as well as the fair value movements other investments and contingent consideration relating to previous acquisitions. The treatment of GHS as an associate requires the Group to recognise its share of profits or losses in the period last reported by GHS. GHS has announced its annual results for the period to 31 March 2021 and under associate accounting the Group's share of the profits of GHS over this time frame is £2.5 million. Other notable gains were Gresham House Energy Storage Fund plc of £0.1 million, Strategic Equity Capital plc of £0.2 million and Strategic Public Equity (SPE) co-investments of £0.4 million.

Contingent consideration payable to the sellers of acquired businesses is fair valued at each period end, with the movement reflecting assessments of the expected final payment as well as the discount over time. The fair value movement in the period of £0.4 million was primarily driven by the unwind of the discount (H1 2020: £0.7 million).

Financial position
The Group's focus on using its balance sheet to grow was key in the first half of the year as investments grew from £23.3 million to £34.9 million. Cash has reduced as a result of this from £21.9 million to £10.1 million and we have drawn £5.0 million of the Revolving Credit Facility (RCF).

The Group received proceeds of £5.0 million from the sale of battery storage projects and some of the other smaller holdings in the Group. This has been used alongside the RCF funds and operating cash flows to fund a number of activities. These include c.£11.0 million investment into battery storage development projects, commitments to new funds launched by the Group, the investment in SEC plc following winning the mandate in 2020 and an investment in a new sustainable infrastructure asset to develop land banks to establish new biodiversity, Environment Bank Limited.

The remaining cash movement reflects the dividend paid in May 2021 of £1.9 million and the completion of the acquisition of Appian for £0.8 million.

Outlook
Since the period end the Group has increased its AUM in ESG attractive asset classes. In July GRID raised a further £100 million, the Gresham House Forest Growth & Sustainability Fund LP added a further £102 million, BSIF II LP, the Group's second sustainable infrastructure fund held a first close for £100 million and ReSI LP added a further £50 million of commitments. This increases pro forma AUM to £5.1 billion and post the acquisition of the Mobeus VCT business to £5.4 billion, setting the Group up well for the rest of 2021 to achieve it's 2021 priorities and continue to deliver shareholder value.

Kevin Acton Chief Financial Officer

9 September 2021

Unaudited condensed group statement of comprehensive income

	Notes	Six months ended 30 June 2021 (unaudited) £'000	Six months ended 30 June 2020 (unaudited) £'000	Year ended 31 December 2020 (audited) £'000
Income				
Asset management income		**22,960**	17,583	40,304
Dividend and interest income		**139**	200	554
Other operating income		**389**	20	1,078
Performance fees		**1,912**	–	–
Total income	5	**25,400**	17,803	41,936
Operating costs				
Administrative overheads		**(23,323)**	(17,339)	(42,052)
Net operating profit/(loss) before exceptional items		**2,077**	464	(116)
Finance costs		**(102)**	(5)	(25)
Exceptional items	7	**(102)**	(1,170)	(1,775)
Net operating profit/(loss) after exceptional items		**1,873**	(711)	(1,916)
Gains and losses on investments				
Share of associates' profits/(losses)		**2,700**	(177)	158
Profit on disposal of associate		**413**	–	–
Gains and losses on investments held at fair value		**1,520**	(64)	4,599
Movement in fair value of contingent consideration		**(350)**	(657)	(1,163)
Movement in value of deferred receivable		**–**	–	224
Operating profit/(loss) before taxation		**6,156**	(1,609)	1,902
Taxation		**(908)**	(623)	(1,084)
Operating profit/(loss) from continuing operations		**5,248**	(2,232)	818
Loss from discontinued operations		**(5)**	(6)	(12)
Total comprehensive income		**5,243**	(2,238)	806
Attributable to:				
Equity holders of the parent		**5,220**	(2,237)	577
Non-controlling interest		**23**	(1)	229
		5,243	(2,238)	806
Basic profit/(loss) per ordinary share (pence)	8	**16.2**	(7.7)	1.9
Diluted profit/(loss) per ordinary share (pence)	8	**15.3**	(7.7)	1.8
Basic adjusted profit per ordinary share (pence)	8	**17.8**	15.1	34.5
Diluted adjusted profit per ordinary share (pence)	8	**16.8**	13.6	32.9

Unaudited condensed group statements of changes in equity

Six months ended 30 June 2021 (Unaudited)

	Ordinary share capital £'000	Share premium £'000	Retained reserves £'000	**Equity attributable to equity shareholders £'000**	Non-controlling interest £'000	**Total equity £'000**
Balance at 31 December 2020	8,023	80,042	8,402	**96,467**	811	**97,278**
Profit and total comprehensive income for the period	–	–	5,220	**5,220**	23	**5,243**
Contributions by and distributions to owners						
Share-based payments	–	–	445	**445**	–	**445**
Issue of shares	213	953	–	**1,166**	–	**1,166**
Dividends paid	–	–	(1,881)	**(1,881)**	–	**(1,881)**
Total contributions by and distributions to owners	213	953	(1,436)	**(270)**	–	**(270)**
Balance at 30 June 2021	8,236	80,995	12,186	**101,417**	834	**102,251**

Six months ended 30 June 2020 (Unaudited)

	Ordinary share capital £'000	Share premium £'000	Retained reserves £'000	**Equity attributable to equity shareholders £'000**	Non-controlling interest £'000	**Total equity £'000**
Balance at 31 December 2019	6,956	69,242	14,039	**90,237**	582	**90,819**
Loss and total comprehensive income for the period	–	–	(2,237)	**(2,237)**	(1)	**(2,238)**
Contributions by and distributions to owners						
Share-based payments	2	38	(1,715)	**(1,715)**	–	**(1,715)**
Issue of shares	545	10,762	–	**11,307**	–	**11,307**
Dividends paid	–	–	(1,351)	**(1,351)**	–	**(1,351)**
Total contributions by and distributions to owners	547	10,800	(3,106)	**8,241**	–	**8,241**
Balance at 30 June 2020	7,503	80,042	8,696	**96,241**	581	**96,822**

Year ended 31 December 2020 (audited)

	Ordinary share capital £'000	Share premium £'000	Retained reserves £'000	**Equity attributable to equity shareholders £'000**	Non-controlling interest £'000	**Total equity £'000**
Balance at 31 December 2019	6,956	69,242	14,039	**90,237**	582	**90,819**
Profit and total comprehensive income for the year	–	–	577	**577**	229	**806**
Contributions by and distributions to owners						
Share-based payments	2	38	(4,863)	**(4,823)**	–	**(4,823)**
Issue of shares	1,065	10,762	–	**11,827**	–	**11,827**
Dividends paid	–	–	(1,351)	**(1,351)**	–	**(1,351)**
Total contributions by and distributions to owners	1,067	10,800	(6,214)	**5,653**	–	**5,653**
Balance at 31 December 2020	8,023	80,042	8,402	**96,467**	811	**97,278**

Unaudited condensed group statement of financial position

	Notes	30 June 2021 (unaudited) £'000	30 June 2020 (unaudited) £'000	31 December 2020 (audited) £'000
Assets				
Non-current assets				
Investments	10	**13,443**	9,872	9,086
Tangible fixed assets		**1,432**	743	1,090
Investment in associates		**11,012**	9,009	9,142
Intangible assets		**63,133**	63,779	59,970
Total non-current assets		**89,020**	83,403	79,288
Current assets				
Trade receivables		**11,067**	6,092	3,184
Accrued income and prepaid expenses		**16,129**	6,196	13,783
Other current assets		**1,955**	1,071	551
Deferred tax		**895**	613	1,051
Cash and cash equivalents		**10,144**	21,864	21,886
Non-current assets held for sale				
Assets of a disposal group held for sale		**15,689**	35,407	7,363
Total current & non-current assets held for sale		**55,879**	71,243	47,818
Total assets		**144,899**	154,646	127,106
Current liabilities				
Trade and other payables		**21,315**	19,618	18,780
Liabilities of a disposal group held for sale				
Liabilities of a disposal group held for sale		**6,403**	31,255	2,072
		27,718	50,873	20,852
Total assets less current liabilities		**117,181**	103,773	106,254
Non-current liabilities				
Deferred taxation		**3,784**	3,037	3,227
Long-term borrowings		**5,822**	-	-
Other creditors		**5,324**	3,914	5,749
		14,930	6,951	8,976
Net assets		**102,251**	96,822	97,278
Capital and reserves				
Ordinary share capital	11	**8,236**	7,503	8,023
Share premium		**80,995**	80,042	80,042
Retained reserves		**12,186**	8,696	8,402
Equity attributable to equity shareholders		**101,417**	96,241	96,467
Non-controlling interest		**834**	581	811
Total equity		**102,251**	96,822	97,278
Basic net asset value per ordinary share (pence)	12	**307.8**	320.7	300.6
Diluted net asset value per ordinary share (pence)	12	**291.7**	288.9	287.4

Unaudited condensed group statement of cash flows

	Notes	**Six months ended 30 June 2021 (unaudited) £'000**	Six months ended 30 June 2020 (unaudited) £'000	Year ended 31 December 2020 (audited) £'000
Cash flow from operating activities				
Net cash generated from operations	13	**(6,097)**	6,225	17,592
Corporation tax paid		**(447)**	(98)	(1,856)
Interest paid on loans		**(51)**	(5)	(25)
Net cash flow from operating activities		**(6,595)**	6,122	15,711
Cash flow from investing activities				
Acquisition of Appian Asset Management Limited		**(841)**	–	–
Acquisition of TradeRisks Limited		**–**	(8,045)	(8,045)
Deferred consideration paid		**(794)**	–	(9,842)
Investment in associates		**(15)**	–	–
Dividends received from associates		**258**	82	186
Sale of associate		**855**	–	–
Purchase of investments		**(6,013)**	(269)	(1,007)
Sale of investments		**1,422**	187	3,032
Investment in DevCo projects		**(3,156)**	(2,021)	(1,271)
DevCo loans repaid		**–**	1,096	1,096
Proceeds received on sale of DevCo projects		**2,281**	2,334	4,581
Purchase of fixed assets		**(87)**	(103)	(152)
Purchase of intangible assets		**(371)**	(286)	(584)
		(6,461)	(7,025)	(12,006)
Cash flow from financing activities				
New loans in period		**5,000**	–	–
Share issue proceeds		**–**	8,010	8,010
Share issue costs		**–**	(347)	(347)
Share warrants exercised		**–**	182	182
Share-based payments settled		**(1,529)**	(2,860)	(7,125)
Dividends paid		**(1,881)**	(1,351)	(1,351)
Capital element of lease payments		**(276)**	(299)	(620)
		1,314	3,335	(1,251)
(Decrease)/increase in cash and cash equivalents		**(11,742)**	2,432	2,454
Cash and cash equivalents at start of period		**21,886**	19,432	19,432
Cash and cash equivalents at end of period		**10,144**	21,864	21,886

Notes to the accounts

1 Reporting entity

Gresham House plc (the Company) is a public limited company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England. The unaudited condensed group interim financial statements of the Company as at and for the six months ended 30 June 2021 comprise the Company and its subsidiary undertakings (together referred to as the Group). All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2 Statement of compliance and basis of preparation

The financial information presented in these interim results has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial information in these interim results are primarily unchanged from those used in the Company's financial statements for the year ended 31 December 2020 and are consistent with those that the Company expects to apply in its financial statements for the year ended 31 December 2021.

The financial information for the year ended 31 December 2020 presented in this Interim Report does not constitute the Company's statutory accounts for that period but has been derived from them. The Report and Accounts for the year ended 31 December 2020 were audited and have been filed with the Registrar of Companies. The Independent Auditor's Report on the Report and Accounts for the year ended 31 December 2020 was unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006. The financial information for the periods ended 30 June 2020 and 30 June 2021 are unaudited and have not been reviewed by the Company's auditors.

3 Estimates and management judgements

The preparation of the unaudited condensed group interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed group interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the group financial statements as at and for the year ended 31 December 2020.

4 Financial risk management

The Group's financial risk management objectives and policy are consistent with those disclosed in the group financial statements as at and for the year ended 31 December 2020.

Notes to the accounts (continued)

5 Income

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Asset management income			
Asset management income	**22,960**	17,583	40,304
	22,960	17,583	40,304
Income from investments			
Dividend income – Listed UK	**106**	138	316
LP Distributions	**4**	–	–
Interest receivable – Banks	**2**	51	69
– Other	**27**	11	169
	139	200	554
Other operating income			
Other income	**1**	20	51
DevCo income*	**388**	–	1,027
	389	20	1,078
Performance fees			
Performance fees	**1,912**	–	–
	1,912	–	–
Total income	**25,400**	17,803	41,936

* DevCo income represents the net operating income in the period from battery storage projects prior to the projects being sold to Gresham House Energy Storage Fund plc (GRID)

6 Business combinations

On 29 June 2021 the Group acquired 100% of the issued share capital of Appian Asset Management Limited (Appian), a company registered in Ireland. Appian is an active asset manager with around €350 million in Assets Under Management (AUM) as at 31 December 2020. The Acquisition enhances the Group's capabilities to develop existing strategies in Ireland and Europe, particularly those with a sustainability focus including Forestry, Sustainable Infrastructure, and Housing.

The provisional fair value of the identifiable net assets acquired, and the consideration paid under IFRS 3 are as follows:

	Net book value £'000	**Adjustments £'000**	**Fair value £'000**
Tangible fixed assets	54	616	670
Cash	2,305	–	2,305
Trade and other receivables	604	–	604
Trade and other payables	(1,464)	(825)	(2,289)
Intangible fixed assets (including goodwill)	–	6,568	6,568
Deferred tax liability	–	(962)	(962)
Total identifiable net assets	1,499	5,397	6,896

6 Business combinations (continued)

Under the terms of the acquisition agreement, the fair value of the consideration paid to the vendors of Appian was:

	£'000
Cash	3,146
Shares – 104,168 shares in Gresham House plc valued at 940.0p per share on 29 June 2021	979
Total initial consideration	4,125
Contingent consideration	2,771
Total consideration	6,896

The consideration shares were admitted to trading on AIM on 5 July 2021.

Contingent consideration

Contingent consideration with an expected fair value of €4.5 million will be payable in cash to the sellers based on the following:

- 1.4 times year 2 earnings, payable in 2 years. The expected fair value at acquisition is £1.0 million;
- 1.4 times year 3 earnings, payable in 3 years. The expected fair value at acquisition is £1.4 million; and
- Up to €0.75 million payable in 3 years based on certain AUM and earnings targets. The expected fair value at acquisition is £0.3 million

The fair value of the contingent consideration has been estimated at the date of acquisition using estimated outcomes, the probability of those outcomes and discounting this at 13.0%. Up to 50% of the contingent consideration may be settled in Gresham House plc shares at the Company's discretion. As such this will be recognised as a liability on the balance sheet and the fair value assessed each reporting period. The fair value at the time of acquisition was calculated as £2.8 million.

Revenue and profits of Appian

Appian was acquired on 29 June 2021. The Group has therefore not recognised any revenues or costs in respect of Appian for the period ended 30 June 2021.

Prior to acquisition by the Group, Appian had a 31 December year end. The results for the most recent audited reporting period prior to acquisition were to 31 December 2020. Had Appian been part of the Group for the entire reporting period the following sums would have been consolidated:

	€'000
Revenue	3,403
Profit before tax	284

Goodwill

Goodwill arises due to the excess of the fair value of the consideration payable over the fair value of the net assets acquired. It is mainly attributable to the skills of the team acquired, the synergies expected to be achieved from the acquisition and the business development potential. Goodwill arising on the Appian acquisition is not deductible for tax purposes.

Fair value

The fair value of the management contracts and customer relationships have been estimated using a discounted cash flow model. The estimated cash flows have been valued at a discount of 13.0%.

Notes to the accounts (continued)

7 Exceptional items

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Acquisition costs			
TradeRisks Limited	**–**	847	868
Appian Asset Management Limited	**8**	–	328
Joint Venture establishment	**–**	210	219
Other	**54**	30	30
	62	1,087	1,445
Restructuring costs	**40**	83	330
	102	1,170	1,775

Acquisition and associated restructuring costs are considered exceptional and not part of the normal course of asset management activity.

8 Earnings per share

Basic and diluted profit/(loss) per share

	Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended 31 December 2020
Total net profit/(loss) attributable to equity holders of the parent (£'000)	**5,220**	(2,237)	577
Weighted average number of ordinary shares in issue during the period	**32,291,046**	29,099,750	30,479,015
Basic profit/(loss) per share to equity holders of the parent (pence)	**16.2**	(7.7)	1.9
Diluted profit/(loss) per share to equity holders of the parent (pence)	**15.3**	(7.7)	1.8

1,818,884 (30 June 2020: 3,301,297; 31 December 2020: 1,475,509) shares were deemed to have been issued at nil consideration as a result of the shareholder and supporter warrants granted (in prior periods) and shares which could be issued under the bonus share matching plan and long-term incentive plans which, as required under IAS 33, Earnings per Share, were not recognised for the six months ended 30 June 2020 as they would reduce the loss per share.

8 Earnings per share (continued)

Adjusted earnings per share

Adjusted earnings per share is based on adjusted operating profit after tax, which is stated after charging interest but before depreciation, amortisation, share-based payments relating to acquisitions, profits and losses on disposal of tangible fixed assets, net performance fees, net development gains and exceptional items, to provide the non-GAAP measure of the performance as an asset manager. This includes dividend and interest income received from investment in associates.

Adjusted profit for calculating adjusted earnings per share:

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Net operating profit/(loss) after exceptional items	**1,873**	(711)	(1,916)
Add back:			
Exceptional operating expenses	**102**	1,170	1,775
Depreciation and amortisation	**4,188**	4,482	8,904
Loss on disposal of tangible fixed assets	**3**	–	27
Dividend income received from associates	**160**	–	202
Net performance fees	**(415)**	–	–
Variable compensation attributable to realised gains on development projects	**511**	–	2,474
Development project costs	**219**	–	–
Share-based payments relating to acquisitions	**253**	296	593
Adjusted operating profit attributable to equity holders of the parent before tax	**6,894**	5,237	12,059
Corporation tax attributable to adjusted operating profit	**(1,157)**	(832)	(1,541)
Adjusted operating profit attributable to equity holders of the parent after tax	**5,737**	4,405	10,518
Adjusted profit per share (pence) – basic	**17.8**	15.1	34.5
Adjusted profit per share (pence) – diluted	**16.8**	13.6	32.9

9 Dividends

The Company paid £1,881,000 during the period which represents a final dividend for the year ended 31 December 2020 of 6.0 pence per share. A final dividend for the year ended 31 December 2019 of 4.5 pence per share totalling £1,351,000 was paid in May 2020.

10 Investments – securities

Investments have been classified as follows:

	30 June 2021 £'000	30 June 2020 £'000	31 December 2020 £'000
Non-current assets	**13,443**	9,872	9,086
Other debtors due within one year – Investment in development projects	**1,955**	752	551
	15,398	10,624	9,637

Notes to the accounts (continued)

10 Investments – securities (continued)

A further analysis of total investments is as follows:

	30 June 2021 £'000	30 June 2020 £'000	31 December 2020 £'000
Listed securities – on the London Stock Exchange	**6,521**	6,318	3,991
Securities dealt in under AIM	**1,222**	395	950
Securities dealt in under Aquis Stock Exchange	**6**	13	7
Unlisted securities	**7,649**	3,898	4,689
Closing value	**15,398**	10,624	9,637
Investments valued at fair value through profit or loss	**13,443**	9,605	8,874
Loans and receivables carried at amortised cost	**1,955**	1,019	763
	15,398	10,624	9,637

Unlisted securities primarily include the Group's investment in the Gresham House Forestry Fund LP (£3.0 million, including non-controlling interests), investment in battery storage projects (£2.0 million) included within other debtors due within one year, an investment in Environment Bank Limited (£1.2 million), co-investments into funds managed by the Group (£0.6 million) and an investment of £0.7 million in LF GH Equity Funds.

11 Share capital

	30 June 2021 £'000	30 June 2020 £'000	31 December 2020 £'000
Allotted: Ordinary – 32,945,875 (30 June 2020: 30,012,401; 31 December 2020: 32,091,707) fully paid shares of 25p each	**8,236**	7,503	8,023

During the six months to 30 June 2021 the Company issued the following new ordinary shares:

- 750,000 shares on 26 March 2021 at par into the Gresham House Employee Benefit Trust; and
- 104,168 shares on 29 June 2021 at a price of 940.0p per share to the vendors of Appian Asset Management Limited.

12 Net asset value per share

Basic

	30 June 2021	30 June 2020	31 December 2020
Equity attributable to holders of the parent (£'000)	**101,417**	96,241	96,467
Number of ordinary shares in issue at the end of the period	**32,945,875**	30,012,401	32,091,707
Basic net asset value (pence)	**307.8**	320.7	300.6

Diluted

	30 June 2021	30 June 2020	31 December 2020
Equity attributable to holders of the parent (£'000)	**101,417**	96,241	96,467
Number of ordinary shares in issue at the end of the period	**34,764,759**	33,313,698	33,567,216
Diluted net asset value (pence)	**291.7**	288.1	287.4

Diluted net asset value per share is based on the number of shares in issue at the period end together with 1,818,884 (30 June 2020: 3,301,297; 31 December 2020: 1,475,509) shares deemed to have been issued at nil consideration as a result of the shareholder and supporter warrants (in prior periods) and shares which could be issued under the bonus share matching plan and long-term incentive plans.

13 Reconciliation of net operating loss to operating cash flows

	30 June 2021 £'000	30 June 2020 £'000	31 December 2020 £'000
Net operating profit/(loss) after exceptional items	**1,873**	(711)	(1,916)
Loss from discontinued operations	**(5)**	(6)	(12)
Interest payable	**54**	5	25
Depreciation	**413**	529	871
Loss on disposal of tangible fixed assets	**3**	–	27
Amortisation	**3,776**	3,953	8,033
Share-based payments	**1,972**	1,105	2,262
	8,086	4,875	9,290
(Increase)/decrease in current assets	**(11,284)**	3,851	1,777
(Decrease)/increase in current liabilities	**(2,899)**	(2,501)	6,525
	(6,097)	6,225	17,592

14 Post balance sheet events

On 29 June 2021 the proposed cancellation of part of the share premium account of the Company totalling £60.0 million was approved by the High Court of Justice in England and Wales. The capital reduction became effective on 23 July 2021 following the registration of the order of the Court by the Registrar of Companies.

On 10 September 2021 the Company announced the acquisition of the Venture Capital Trust (VCT) business of Mobeus Equity Partners LLP, through the acquisition of the management contracts of the VCTs and the hiring of the team. The Company will pay initial consideration on completion of £20.0 million cash and £4.0 million in ordinary shares of the Company, with a further £12.1 million in deferred consideration which is subject to conditions and performance.

Corporate information

Company Number	871 incorporated in England
Directors	Anthony Townsend — Non-Executive Chairman Anthony Dalwood — Chief Executive Officer Kevin Acton — Chief Financial Officer Richard Chadwick — Non-Executive Simon Stilwell — Non-Executive Rachel Beagles — Non-Executive Gareth Davis — Non-Executive
Secretary	Samee Khan
Registered Office	5 New Street Square London EC4A 3TW
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Nominated Adviser and Joint Broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
Financial Adviser and Joint Broker	Jefferies International Limited 100 Bishopsgate London EC2N 4JL
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen West Midlands B62 8HD
Solicitors	Eversheds Sutherland (International) LLP One Wood Street London EC2V 7WS

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Gresham House
Specialist asset management